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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 14, 2011

Sid Hullinger
McFarland & Hullinger
8960 North Highway 40
Lakepoint, Utah 84074

Subject: Deficient Application for Transfer of Notice of Intention, McFarland & Hullinger Company, Coyote Knoll # 1, 2 & 3 Mine, S/023/0086, Juab County., Utah

Dear Mr. Hullinger:

On February 11, 2011, the Division received an Application for Transfer of Notice of Intention for the Coyote Knoll # 1, 2 & 3 Mine from McFarland & Hullinger Company to Desert Mound Gold Inc. The transfer is conditionally approved upon receipt of the items below.

A signed Reclamation Contract (Form MR-RC) (enclosed) and reclamation surety in the amount of \$25,000.00 escalated for three years or \$25,100.00 escalated for five years. Please contact the bonding coordinator, Penny Berry at (801) 538-5291 or bondcoordinator@utah.gov to obtain the appropriate bond forms.

If you have questions regarding this letter, please contact me at (801) 538-5261.

Sincerely,

Paul Baker
Minerals Program Manager

PBB:whw:eb

cc: Jerry Mansfield, BLM

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